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February 23, 2009

BY EMAIL & COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2008-0187**  
**Hydro One Networks Inc. – 2009 Rates Adjustment**  
**Energy Probe Interrogatories**

Pursuant to Procedural Order No. 1, issued by the Board on February 3, 2009, Energy Probe Research Foundation (Energy Probe) is hereby attaching two hard copies of its Interrogatories in the EB-2008-0187 proceeding. An electronic version of this communication will be forwarded in PDF format.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc: Glen MacDonald, Hydro One Networks Inc. (By email)  
Michael Engelberg, Hydro One Networks Inc. (By email)  
Peter Faye, Energy Probe Counsel (By email)

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**Ontario Energy Board**

**IN THE MATTER OF** the *Ontario Energy Board Act*,  
1998, S.O. 1998, c. 15, Schedule B;

**AND IN THE MATTER OF** an application filed by  
Hydro One Networks Inc. for an order or orders approving  
just and reasonable rates and other charges for electricity  
distribution to be effective May 1, 2009.

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**INTERROGATORIES OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

**February 23, 2009**

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**ONTARIO HYDRO NETWORKS INC.  
2009 DISTRIBUTION RATES ADJUSTMENT  
EB-2008-0187**

**ENERGY PROBE RESEARCH FOUNDATION  
INTERROGATORIES**

**Interrogatory # 1**

**Ref: Exhibit B1, Tab 3, Schedule 3**

**The evidence on Page 2 in the first paragraph refers to the Applicant's "work program prioritization process".**

- a) Please describe the work program prioritization process of Hydro One in respect of Capital Expenditures.**
- b) Please advise whether each of the following corporate areas of Hydro One have a separate, distinct work program prioritization process in respect of Capital Expenditures:**
  - i) Customer Operations**
  - ii) Asset Management**
  - iii) Engineering & Construction Services**
  - iv) Grid Operations**
  - v) General Counsel & Secretariat**
  - vi) Corporate Projects**
  - vii) Corporate Services**
  - viii) Corporate & Regulatory Affairs**
- c) Does the final decision on ranking of program priority reside within each corporate area?**
- d) Does the work program prioritization process combine both Distribution and Transmission Capital Expenditures? If so, is one deemed a higher priority than the other?**

## **Interrogatory # 2**

**Ref: Exhibit B1, Tab 3, Schedule 3**

**The evidence at Pages 10 to 13 describes Capital Expenditures in respect of the need for increasing spending in Lines Sustaining Capital, Lines from \$139.5 million Board Approved in 2008 to \$153.6 million in the 2009 Test Year. In the sub-category Trouble Call & Storm Damage there is an increase identified as \$53.4 million to \$58.3 million.**

**In the first paragraph on Page 13, the evidence describes an additional finding of the Asset Assessment Condition process, specifically an emerging issue with end of life submarine cables.**

- a) What portion of the \$58.3 million expenditures requested for 2009 deals with the emerging issue with end of life submarine cables?**
- b) Is the end of life submarine cables issue an ongoing problem for Hydro One?**
- c) Why is the end of life submarine cables issue classified as part of the Trouble Call & Storm Damage section of Lines Sustaining Capital?**

## **Interrogatory # 3**

**Ref: Exhibit B1, Tab 3, Schedule 6**

**The evidence at Pages 5 to 7 discusses the Cornerstone Capital portion of Shared Services Capital in respect of the need for increasing spending from \$63 million Board Approved in 2008 to \$92.3 million in the 2009 Test Year.**

**Phase 3 is designed to enhance integrated planning by integrating key systems to, in part, improve asset lifecycle management analytics and decisions.**

**During the EB-2006-0501 Hydro One Transmission proceeding Oral Hearing on May 8, 2007, the following exchange took place during cross examination of Panel 3:**

**MR. MacINTOSH: Fine. And the specific question I have is that within Cornerstone, within any of the four phases and the many applications, is there an application that will enable the company to break out its capital project estimates and forecasts in categories such as cost of materials and cost of labour?**

**MR. STRUTHERS:** In phase 3, which is the financial side of it, there is a project costing module that should provide additional information that should hopefully address your requirement, yes.

- a) Is the project costing module that will enable the company to break out its capital project estimates and forecasts in categories such as cost of materials and cost of labour still part of the Cornerstone Project?
- b) Will the project costing module come on line in 2009? If not, when?